

Message Text

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12
ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 IO-13 ISO-00 AGR-05 CIAE-00

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R 280756Z AUG 76
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 8014
INFO USEC BRUSSELS 457
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GENEVA FOR PHELEN

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EO 11652: NA
TAGS: EPAP, MTN, IN, US
SUBJ: US-GOI TEXTILE CONSULTATIONS AUGUST 17-21

REF: ISLAMABAD 8880

1. AT FIRST SESSION OF CONSULTATIONS, GOI TEXTILE DELEGATION REQUESTED: A) THAT NEXT AGREEMENT RUN FOR THIRTEEN MONTHS, FROM SEPTEMBER 1, 1976 TO SEPTEMBER 30, 1977; B) THAT GROUP I YARDAGE BE INCREASED TO 185.78 MILLION SQUARE YARDS. (GROUP I YARDAGE CEILING OF 145.78 MILLION SQ YDS USED PRIOR TO DECEMBER 1975 TALKS PLUS AN ADDITIONAL 40 MILLION SQ YDS); C) GROUP II YARDAGE ALSO BE RESTORED TO ITS DECEMBER CEILING OF 40.425 MILLION SQ YDS PLUS AN ADDITIONAL 15 MILLION SQ YDS FOR A TOTAL OF 55.424; D) THE GROUP III CATEGORY AGREED TO IN DECEMBER TALKS SHOULD BE DISMANTLED; AND E) A DEFINITION OF HAND-LOOMS SHOULD BE AGREED UPON.

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2. US TEXTILE DELEGATION RESPONDED WITH REQUEST THAT SOME

SYSTEM OF BILATERAL COOPERATION BE DEVISED WHEREBY BOTH SIDES WOULD SHARE RESPONSIBILITY OF CONTROLLING TEXTILE TRADE AND WHICH WOULD BE BINDING AND NOT CONTINUALLY REQUIRE RE-NEGOTIATION. IN ADDITION, US TEAM EXPRESSED WILLINGNESS DISCUSS PROBLEM OF HANDLOOMS AND REQUESTED THAT TWO SIDES ALSO DISCUSS EACH OTHER'S VIEWS ON MFA.

3. FOLLOWING DAY US DELEGATION OFFERED TO EXPLORE WITH GOI POSSIBILITY OF: A) REMOVING SPECIAL CATEGORY III FROM THE BILATERAL AGREEMENT PROVIDED SOME MEANS OF MAINTAINING PRESENT LIMITATION ON HANDLOOM APPAREL COULD BE FOUND; B) THAT LIFE OF NEXT YEAR'S TEXTILE AGREEMENT BE STRETCHED BEYOND ONE-YEAR PERIOD; C) AND THAT IT RETURN US WOULD EXPECT CLEAR COMMITMENT BY GOI TO SUPPORT US POSITION ON MFA, IE, MFA SHOULD BE RENEWED IN ITS PRESENT FORM.

4. IN FINAL SESSION GOI RESPONDED ALONG LINES PARA 3 REFTEL. US SIDE AGREED CONTINUE DISCUSSIONS IN WASHINGTON THROUGH MR. DIXIT OF INDIAN EMBASSY.

5. COMMENT: GOI WAS ILL-PREPARED FOR CONSULTATIONS. IT HAD NOT DECIDED PRECISELY WHAT IT WAS REQUESTING FROM US WHEN CONSULTATIONS BEGAN AND AT NO TIME OFFERED ANY POSSIBLE QUID PRO QUO FOR US CONCESSIONS.

6. GOI DELEGATION WAS MADE UP ALMOST ENTIRELY OF TEXTILE OFFICIALS WITH EXCEPTION MR. DIXIT AND PREM KUMAR, JOINT SECRETARY, DEPARTMENT OF FOREIGN TRADE, MOC. EMBASSY BELIEVES TEXTILE OFFICIALS AT TALKS WOULD HAVE WILLINGLY ACCEPTED SOME AGREEMENT ALONG LINES SUGGESTED BY US SIDE. HOWEVER KUMAR, WHOSE INTERESTS ARE MULTILATERAL TRADE MATTERS AS WELL AS BILATERAL TRADE ISSUES, EFFECTIVELY VETOED THE TEXTILE MEMBERS.

7. EMBASSY AGREES WITH US TEAM ASSESSMENT THAT GOI PLACES GREAT IMPORTANCE ON HANDLOOM INDUSTRY. RECENT EDITORIAL IN THE TIMES OF INDIA COMPLAINED THAT HANDLOOM INDUSTRY WAS BEING THREATENED BY POWER LOOMS BUT THIS HAS BEEN A PERSISTENT THREAT FOR MANY YEARS. GOI WOULD LIKELY ACT TO PREVENT ANY SERIOUS REDUCTION IN HANDLOOM INDUSTRY. HOWEVER, LIMITED OFFICIAL USE

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8. EMBASSY WOULD ALSO CAUTION AGAINST TOO MUCH RELIANCE BEING PLACED ON DIXIT VIEW THAT GOI STILL FLEXIBLE ON MATTERS DISCUSSED AT THESE CONSULTATIONS. WHILE HE MAY HAVE BEEN SINCERE, GOI HERE HAS NOW MADE PUBLIC ITS TEXTILE PROBLEMS WITH US AND OTHER COUNTRIES, AS WELL AS ITS VIEWS ON MFA (SERIES OF LOCAL NEWS ARTICLES SENT SEPTELS). EMBASSY INTERPRETS THIS TO BE TACTIC TO SATISFY DOMESTIC

TEXTILE INTERESTS WHILE AT SAME TIME OPENING WHOLE RANGE
OF ISSUES ON MFA. EACH ISSUE AS DESCRIBED REFTEL PRESUMABLY
MUST NOW BE SEPARATELY NEGOTIATED WITH AGREEMENT ON EACH
REQUIRING SOME QUID PRO QUO FROM US.

9. IMPLICATIONS FOR FORTHCOMING DENT VISIT SEPTTEL.
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Margaret P. Grafeld
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